

Message Text

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TO AMEMBASSY CANBERRA

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TAGS: EGEN

SUBJECT: COOPER-GARLAND MEETING

1. SUMMARY UNDER SECRETARY COOPER MET WITH AUSTRALIAN
MINISTER FOR STR GARLAND FEBRUARY 17. HOUR-LONG
DISCUSSION FOCUSED ON MTN, BEEF, US-JAPANESE TALKS AND
AUSTRALIAN PROTECTIVE MEASURES. END SUMMARY.

2. GARLAND OPENED DISCUSSION WITH QUERY CONCERNING US
ATTITUDES TOWARD EC. COOPER SAID US AND EC HAD STRONG
COMMON INTERESTS AND SOME DIFFERENCES. THE LATTER SHOULD
NOT BE EXAGGERATED. WE HAVE SHARED VIEW ON IMPORTANT
OBJECTIVES, BUT WE ALSO HAVE SOME PARTICULAR POINTS OF
DIFFERENCE WITH REGARD TO PARTICULAR TRADE PROBLEMS. IT
HAD BEEN PREDICABLE SINCE THE FOUNDING OF THE EC THAT
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ITS GROWTH AND DEVELOPMENT WOULD EVENTUALLY RESULT IN
PROBLEM IN CERTAIN SECTORS.

3. IT IS DIFFICULT TO PREDICT JUST HOW THE MTN WILL
END WITH REGARD TO AGRICULTURE. THERE WAS SOME REASON
TO BE REASONABLY OPTIMISTIC IN THE CASE OF WHEAT, AND
SOME PROCESSED FOODS WOULD BENEFIT FROM TARIFF REDUCTIONS.

GARLAND NOTED THAT AUSTRALIA'S PROBLEM WITH WHEAT AND THE EC DIFFERED FROM THAT OF THE US AS AUSTRALIAN SOFT

WHEAT COMPETED DIRECTLY WITH THE TYPE PRODUCED IN EUROPE. HE SAID THAT IN CONVERSATIONS WITH HIM AMBASSADORS STRAUSS AND WOLFF HAD UNDERTAKEN TO SUPPORT THE GOA IN LIBERALIZING AGRICULTURAL TRADE. COOPER NOTED THAT UNDER OUR TRADE ACT AGRICULTURE WOULD HAVE TO BE INCLUDED IN THE MTN IF THERE WAS TO BE A DEAL.

4. GARLAND WAS UNABLE TO GIVE SPECIFICS OF THE AUSTRALIAN MTN OFFER BUT SAID IT WOULD BE READY IN A WEEK OR TWO. AUSTRALIA WAS PARTICULARLY CONCERNED THAT AGRICULTURE NOT BE SEPERATED FROM THE MTN. AUSTRALIA WAS AN EFFICIENT, QUALITY SUPPLIER BUT HAD BEEN LOCKED OUT OF MARKETS IN PREVIOUS ROUNDS OF TRADE NEGOTIATION.

5. GARLAND MADE POINT THAT US ENJOYS TWO-TO-ONE FAVORABLE TRADE BALANCE WITH AUSTRALIA. HE WANTED TO CORRECT IMPRESSION THAT AUSTRALIA WAS OVERLY PROTECTIVE AND SAID US MANUFACTURED PRODUCTS HAD LITTLE PROBLEM ENTERING AUSTRALIA.

6. ON BEEF, COOPER SAID THERE WAS NO WAY TO CHANGE CURRENT US LAW, BUT THAT UNDER ITS CONSTRAINTS, WE WERE

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AS LIBERAL AS POSSIBLE WITH REGARD TO IMPORTS. WHILE THE INDUSTRY SEEMED TO HAVE STABILIZED, IT WAS NOT STRONG ENOUGH TO WARRANT A LIFTING OF IMPORT RESTRICTIONS. COOPER NOTED THAT THERE WOULD BE CONTINUING PRESSURE FROM CENTRAL AMERICAN SUPPLIERS, MAINLY COSTA RICA, FOR INCREASED ACCESS TO THE US MARKET.

7. IN RESPONSE TO GARLAND QUESTION, COOPER SAID THE DATE FOR THE ECONOMIC SUMMIT HAD NOT BEEN SET BUT WE WERE PROCEEDING ON THE ASSUMPTION IT WOULD BE HELD IN JULY. HE THOUGHT THE MAJOR ITEMS FOR DISCUSSION WOULD BE THE MACRO-ECONOMIC SITUATION, TRADE, ENERGY AND THE NORTH-SOUTH DIALOGUE. DISCUSSION ON TRADE WOULD OBVIOUSLY REFLECT THE RESULTS OF THE MTN.

8. LOOKING AT THE GLOBAL PICTURE, GARLAND SAID HE FELT THE RECENT US-JAPANESE TALKS DID NOT AMOUNT TO MUCH. A JAPANESE GROWTH RATE OF SEVEN PERCENT WAS NOT BELIEVABLE -- FIVE PERCENT MIGHT BE. IF SEVEN PERCENT WAS AN UNREALISTIC TARGET THEN THERE WOULD BE TENDENCY FOR JAPANESE TO "DO THEIR BEST" RATHER THAN TRY TO REACH THE TARGET. COOPER AGREED THAT ONE COULD QUESTION

WHETHER THE GOJ WOULD REACH SEVEN PERCENT TARGET, BUT A SEVEN PERCENT TARGET WOULD RESULT IN MORE GROWTH THAN WOULD A SIX PERCENT TARGET. IT IS HOW THE TARGET AFFECTS POLICY THAT COUNTS. BECAUSE OF THE SEVEN PERCENT TARGET GOJ HAD BROKEN THIRTY PERCENT BUDGET DEFICIT BARRIER. ACTUAL DEFICIT WOULD BE ABOUT 38 PERCENT. THE YEN EXCHANGE RATE WAS ALSO EXERTING PRESSURE ON THE JAPANESE TO DECREASE THEIR DEFICIT. COOPER NOTED THAT IN THE US-JAPANESE TALKS, WE HAD FOCUSED ON GLOBAL TRADE EQUILIBRIUM RATHER THEN BILATERAL BALANCE. VANCE

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